IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED:16.10.2020

CORAM:

THE HONOURABLE Mr.JUSTICE M.SUNDAR

**Comp.A.No.237 of 2020**
**in**
**C.P.No.115 of 1995**
**&**
**C.P.No.115 of 1995**

The Official Liquidator
High Court Madras
as the Liquidator
of M/s. Indian Steel Rolling Mills Limited
(in liquidation) ... Applicant

Application filed under Section 481 of the Companies Act, 1956 read with Rules 9, 11(b) of Company (Court) Rules, 1959 to take this report on record of the Hon'ble Court, to pass an order that it is just and reasonable to dissolve M/s. Indian Steel Rolling Mills Limited (under liquidation) finally and accordingly to pass consequential and appropriate orders, to pass an order permitting the Official Liquidator to file the final account without auditing as nothing survive in the company in liquidation, permit the Official Liquidator to transfer the available amount as envisaged under section 555 of the Act after meeting all the incidental expenses and expenses towards Audit fee, Government Commission including filing of this present application and to pass any such other orders that the Hon'ble Court deem fit and proper in the circumstances of the case.

For Applicant : Mr.Bavisetty Sridhar
Deputy Official Liquidator

**ORDER**

Aforementioned 'Company Petition No.115 of 1995' shall hereinafter be referred to as 'main CP' for the sake of convenience and clarity.

2. Captioned application i.e., C.A.No.237 of 2020 has been taken out by the 'Official Liquidator attached to this Court' ('OL' for the sake of brevity) under Section 481 of 'The Companies Act, 1956' (hereinafter 'said Act' for the sake of brevity) *inter alia* with a dissolution prayer.

3. This common order will govern main CP and captioned application. On behalf of OL, who has taken out captioned application, Mr.Bavisetty Sridhar, learned 'Deputy Official Liquidator'('Deputy OL' for the sake of brevity) is before this Company Court in this web-hearing on a video-conferencing platform today. Learned Deputy OL, adverting to a 'report of OL dated 25.09.2020' (hereinafter 'said report' for the sake of convenience and clarity) submits that said report has been filed in

support of captioned application. Learned Deputy OL would go on to submit that 'Indian Steel Rolling Mills Limited' (hereinafter 'said Company' for the sake of brevity) is the Company which went into liquidation in the main CP. It is also submitted that this Company Court, vide order dated 22.01.1996 made in the main CP, appointed OL as liquidator of said Company with a direction to take charge of assets and effects of the said Company. It is submitted that this was done by OL and liquidation process unfurled in accordance with said Act. It is also submitted that the manner in which the liquidation process unfurled in accordance with said Act has been captured and set out in Paragraphs 3 to 7 of said report. It is also pointed out that OL had declared and paid dividend to secured creditors, workmen of said Company and details of the same have been captured in Paragraph 6 of said report which reads as follows:

*'6. It is submitted that pursuant to orders of various dates, the Official Liquidator had declared and paid dividend to the following secured and workmen creditors of the company and the details are given below:*

| *S.No.* | *Name of the Claimants* | *Amount Claimed* | *Amount Paid* | *Remarks* |
|---|---|---|---|---|
| *1.* | *ICICI Bank (Assigned to* | *7,24,20,059/-* | *3,21,19,762/-* | *Paid as per the orders of this Hon'ble Court* |

| S.No. | Name of the Claimants | Amount Claimed | Amount Paid | Remarks |
|---|---|---|---|---|
| | IARC) | | | dated 13.01.2003 & 27.04.2005 in C.A.No.1699/2002 and 183 & 185/2003 and in C.A.No.310/2014 dated 20.06.2014 |
| 2. | IFCI | 9,57,32,357/- | 2,05,37,413/- | Paid as per the orders of this Hon'ble Court dated 13.01.2003 & 27.04.2005 in C.A.No.1699/2002 and 183 & 185/2003 and in C.A.No.310/2014 dated 20.06.2014 |
| 3. | IIBI(Assigned ISARC) | 2,43,90,501/- | 1,11,08,462/- | Paid as per the orders of this Hon'ble Court dated 13.01.2003 & 27.04.2005 in C.A.No.1699/2002 and 183 & 185/2003 and in C.A.No.310/2014 dated 20.06.2014. |
| 4. | UTI | 5,68,77,673/- | 59,23,584/- | Paid as per the orders of this Hon'ble Court dated 13.01.2003 & 27.04.2005 in C.A.No. 1699/2002 and 183 & 185/2003 and in C.A.No.310/2014 dated 20.06.2014 |
| 5. | Workmen Creditors (79) | 18,62,236/- | | 100% paid to workmen creditors as per the order of this Hon'ble Court dated 05.02.2008 in C.A.No.358/2008 and in C.A.No.310 /2014 dated 20.06.2014 |



4. Thereafter, adverting to said report, learned Deputy OL submits that owing to non-availability of funds, OL is not able to declare any further dividend and there are no other assets to be realized. It is

emphatically submitted that there is no option other than filing captioned application *inter alia* under Section 481 of said Act for dissolution of said Company. This takes us to the prayer in the captioned application, which is a multi-limbed prayer and this multi-limbed prayer in the captioned application as can be culled out from the Judge's summons reads as follows:

> *'a) To take this report on record of the Hon'ble Court;*
>
> *b) To pass an order that it is just and reasonable to dissolve M/s. Indian Steel Rolling Mills Limited (under liquidation) finally and accordingly to pass consequential and appropriate orders;*
>
> *c) To pass an order permitting the Official Liquidator to file the final account without auditing as nothing survive in the company in liquidation;*
>
> *d) Permit the Official Liquidator to transfer the available amount as envisaged under section 555 of the Act after meeting all the incidental expenses and expenses towards Audit fee, Government Commission including filing of this present application;*
>
> *f) To pass any such other orders that the Hon'ble Court deem fit and proper in the circumstances of the case.'*

5. Paragraphs 8 and 9 of said report are significant and the same read as follows:

> *'8. It is submitted that due to non-availability of funds the Official Liquidator is not able to declare any dividend to the creditors of the company in liquidation and no other assets to be realised, the Official Liquidator has no other option except filing the present application under Section 481 of the Act for dissolving the company finally. It is also submitted that no fruitful purpose would be served by allowing this company under liquidation to continue as a company under liquidation.*
>
> *9. It is submitted that in view of the above submission, the Hon'ble Court is to form an opinion that the Official Liquidator could not proceed with the winding up of the company in liquidation and it would be just and reasonable in circumstances of the case to dissolve the company under liquidation as envisaged under Section 481 of the Act. Hence the application.'*

6. This Company Court, having perused said report, having heard learned Deputy OL, having noticed the trajectory which the winding up proceedings has taken, having noticed the submissions of learned Deputy OL that it would be a penny wise, pound foolish exercise to continue the liquidation process, and having noticed that main CP is of the year 1995 (it is therefore quarter century old in this Court) main CP is for all

practical purpose ancient/vintage, is convinced that prayer for dissolution needs to be acceded to. In other words, this Company Court is of the opinion that it is just and reasonable in the circumstances of the case on hand that an order of dissolution of said company should be made. To be noted, with regard to the available balance also, there is a prayer limb in the captioned application, namely limb (d) where OL seeks to transfer the balance into appropriate public account in the Reserve Bank of India in accordance with the requirement under Section 555 of said Act.

Captioned application and main CP are ordered by acceding to prayer limbs (b) to (d) in the captioned application. Though obvious it is made clear that said Company will stand dissolved from the date of this order and OL will stand discharged. There shall be no order as to costs.



**16.10.2020**



gpa

**M.SUNDAR.J.,**

gpa

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